THE LEARNING AND WORK CIRCUMSTANCES OF AUSTRALIA'S YOUNG ADULTS

The Labour Market for Young Adults
Summary

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- Compared with teenaged youth, young adults (aged 20 to 24 years old) as a group stand in a less precarious situation. In particular, unemployment rates are lower, and for those who are employed, jobs are not as concentrated in low-skilled occupations and in as limited a number of sectors as they are for teenagers.
- Nonetheless, the labour market trends observed indicate that concern over the position of a sizeable proportion of young adults is warranted. In particular, unemployment rates for young adults are unacceptably high, at almost double the rate of other adults. Further, the duration of unemployment for these young people averages over ten months. Part-time employment is also very common; while some young adults prefer such a working arrangement (e.g., due to study or family commitments), others will have had no choice but to accept such hours due to the lack of full-time work.
- Aggregated data hide the many differences that exist by sex. Young women are more likely than their male counterparts to be full-time students and to be employed part-time, while young men are more likely to be in the labour force and to be unemployed. The industries in which the young men and women work and the occupations they hold also differ significantly.
- Over time, there have been a number of changes in the labour market characteristics of young adults. Compared with twenty years ago, young adults today are more likely to be studying, unemployed, in the labour force on a part-time basis, and combining study with part-time work.
- Concern is warranted over two shifts that have been evidenced over the past five years in the nature of jobs held by young adults. First, there has been a shift towards a greater concentration of young adults in small firms, and smaller firms tend to provide far less training than larger firms. Second, young men and women are more likely than in the past to hold low-skilled positions.
- The risk of continuing disadvantage in the labour market seems particularly high for two sub-groups of young adults — indigenous youth and non-English-

speaking-background immigrants. Unemployment rates for these groups are strikingly high, as are rates of part-time employment. Furthermore, the probability of labour force participation for this group compared with other young adults is much lower.

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- Nonetheless, the labour market trends observed indicate that concern over the position of a sizeable proportion of young adults is warranted. In particular, unemployment rates for young adults are unacceptably high, at almost double the rate of other adults. Further, the duration of unemployment for these young people averages over ten months. Part-time employment is also very common; while some young adults prefer such a working arrangement (e.g., due to study or family commitments), others will have had no choice but to accept such hours due to the lack of full-time work.
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- Concern is warranted over two shifts that have been evidenced over the past five years in the nature of jobs held by young adults. First, there has been a shift towards a greater concentration of young adults in small firms, and smaller firms tend to provide far less training than larger firms. Second, and most importantly, young men and women are more likely than in the past to hold low-skilled positions.
- The risk of continuing disadvantage in the labour market seems particularly high for two sub-groups of young adults — indigenous youth and non-English-speaking-background immigrants. Unemployment rates for these groups are strikingly high, as are rates of part-time employment. Furthermore, the probability of labour force participation for these groups compared with other young adults is much lower.

Introduction

The disadvantaged position of youth in the Australian labour market is well recognised (see Dusseldorp Skills Forum 1998). Unemployment rates for this group tend to be much higher than for other labour force participants, and part-time and casual work is common for those who are employed. Research into the position of youth in the labour market, however, has tended to focus on teenagers, with relatively little attention paid to how young adults, defined here as those aged 20 to 24 years (inclusive), have fared. This report sets out to rectify this deficiency.

This paper sets the scene for the papers to follow by providing a statistical overview of the labour market for young adults. It is broadly similar in scope to the earlier analysis of the teenage labour market reported in Wooden (1998). The paper begins by presenting an overview of the labour market for young Australians drawing on data from the Australian Bureau of Statistics (ABS). Comparisons between young men and women, and with other age groups, are provided. More detailed attention is then given to the issues of unemployment, the relationship between education and labour market participation, and the changing composition of employment in terms of hours of work, industry, occupation and firm size. Finally, consideration is given to the relative labour market position of NESB immigrants and indigenous Australians within this age group.

An overview of the labour market for young adults

The composition of the young adult labour market

In August 1998, there were 1352.4 thousand young adults in Australia, representing 9.1 percent of the Australian population aged 15 years and more. Of these young adults, the majority — 81.0 percent (or 1095.8 thousand) — were members of the Australian labour force (that is, they either held jobs or were actively seeking work).

The participation rate for young adult males is higher than that of their female counterparts — 86.0 percent of young men participated in the labour force compared with 75.9 percent of young women. In contrast, among teenagers the female labour force participation rate, at 54.0 percent, is identical to the rate for males. The emergence of this difference between young men and women, however, is not surprising and simply reflects the greater likelihood of young adult females, compared with teenage females, having children.[1]

While most persons in this age group are no longer at school, education remains an important feature of the activity of many young adults, with just under one in five (19.4 percent) of those aged 20 to 24 years attending a tertiary educational institution on a full-time basis in August 1998. Like their teenage counterparts, this rate of participation is higher among females than among males (21.4 percent and 17.4 percent, respectively). Furthermore, if those who were undertaking part-time study were included, this proportion would increase substantially (as discussed later).

As expected, the labour force participation of young adults is sensitive to whether or not post-secondary studies are being undertaken on a full-time basis (see Table 1). Only 53 percent of young adults who were full-time students were also labour force participants. This compares with a participation rate of 88 percent among young adults not involved in full-time study. Also of interest is that while young men are, in

total, more likely to be in the labour force than young women, Table 1 reveals that the reverse is true when only full-time students are considered.

Table 1: Labour force participation of young adults by full-time student status and sex, August 1998 (%)

Student status	Males	Females	Persons
Full-time student	50.9	54.6	52.9
Not a full-time student	93.4	81.7	87.8

Note: For the purposes of this table, a student is defined as a person attending a tertiary educational institution.

Source: ABS, *Labour Force, Australia, August 1998*, ABS cat. no. 6203.0.

A more detailed look at the nature of the labour market of young adults, in conjunction with their student status, is provided in Table 2. This table reveals that the large majority of young adults in the labour force (77 percent) are employed and are non-students (with a non-student defined here as a person not attending a post-secondary institution on a full-time basis). A further 12 percent of the young adult labour force are unemployed, the majority of whom are also non-students.

Table 2 also highlights differences according to sex. For example, the rate of unemployment among female young adults is noticeably lower than the rate among male young adults (11 percent and 13 percent, respectively). Young women were also more likely to be combining full-time study with employment. Finally, 14 percent of female young adults were neither in the labour force nor a full-time student, compared with only 5 percent of male young adults. This difference is likely due to the fact that at this age (like at older ages), women are more likely than men to leave the labour force to tend to family responsibilities.

Perhaps the most worrying feature of Table 2 is the relatively large proportion of young adults who appear to be inactive in terms of both employment and education. Eighteen percent of this age group (15 percent of the young men and 22 percent of the young women) are measured as being non-students without employment (either unemployed or outside the labour force). As just noted, for a portion of these young women, this will reflect the impact of child-rearing. Nevertheless, even among young men, it is a concern that 15 percent appear to be doing relatively little to enhance future employment prospects.

Table 2: The composition of the young adult labour market by sex, August 1998

	Employed		Unemployed		Not in LF		Total
	Student	Non-student	Student	Non-student	Student	Non-student	
Males							
Number (000s)	50.6	464.1	10.1	65.4	58.6	37.1	686.0
% of employment	9.8	90.2	na	na	na	na	100.0
% of labour force	8.6	78.6	1.7	11.1	na	na	100.0
% of population	7.4	67.7	1.5	9.5	8.5	5.4	100.0
Females							
Number (000s)	69.9	380.3	8.1	47.2	64.9	96.0	666.4
% of employment	15.5	84.5	na	na	na	na	100.0
% of labour force	13.8	75.2	1.6	9.3	na	na	100.0
% of population	10.5	57.1	1.2	7.1	9.7	14.4	100.0
Persons							
Number (000s)	120.5	844.4	18.2	112.6	123.6	133.1	1352.4
% of employment	12.5	87.5	na	na	na	na	100.0
% of labour force	11.0	77.1	1.7	10.3	na	na	100.0
% of population	8.9	62.4	1.3	8.3	9.1	9.8	100.0

Notes: For the purposes of this table, a student is defined as a person attending a tertiary educational institution full-time.

'na' indicates not applicable.

Source: ABS, *Labour Force, Australia, August 1998*, ABS cat. no. 6203.0.

Young adults and other age groups compared

Greater insights into the labour market of young adults can be obtained by examining how they fare compared with other age groups. Table 3 presents a number of labour market characteristics for four age groups: teenagers (aged 15 to 19 years), young adults (20 to 24 year olds), prime-age adults (25 to 54 year olds) and mature-age adults (55 years old and over).

Compared with teenagers, both the percentage of young adults who are employed and the percentage who are in the labour force is much higher, with these differences being particularly marked for males. Obviously, this difference between teenagers and young adults reflects differences in the likelihood of participation in education.

Table 3: Selected labour market characteristics by age group and sex, August 1998

	Teenagers	Young adults	Prime-age adults	Mature-age adults
Males				
% of population employed	42.9	75.0	84.3	30.2
Labour force participation (%)	54.0	86.0	90.4	32.1
Part-time employment as % of total employment	52.4	20.1	6.6	18.1
Unemployment rate (%)	20.6	12.8	6.8	6.2
Females				
% of population employed	44.9	67.6	65.6	13.8
Labour force participation (%)	54.0	75.9	69.6	14.4
Part-time employment as % of total employment	76.2	34.5	40.8	52.6
Unemployment rate (%)	16.9	10.9	5.7	4.3
Persons				
% of population employed	43.9	71.3	74.9	21.4
Labour force participation (%)	54.0	81.0	80.0	22.6
Part-time employment as % of total employment	64.3	26.9	21.6	30.0
Unemployment rate (%)	18.8	11.9	6.3	5.5
Females as a % of LF	48.7	46.1	43.6	33.9

Source: ABS, *Labour Force, Australia, August 1998*, ABS cat. no. 6203.0.

In contrast, the labour force participation rate of young adults is virtually the same as that of prime-age adults (81 percent and 80 percent, respectively). Examination of participation rates separately for men and women, however, reveals that much of the explanation for this relatively high young adult participation rate lies not with the rates of male participation but with the rates of female participation. That is, women aged 20 to 24 years old have a much higher rate of labour force participation than women in all other age groups. This is not surprising given the majority of these young women have completed their studies but have not yet entered their child-rearing years. For men, on the other hand, the highest participation rates are found for the prime-age males.

Table 3 also reveals that 27 percent of employed young adults worked on a part-time basis (i.e., less than 35 hours a week) in August 1998. While this is less than half the incidence of such jobs among teenagers (64 percent), it is higher than the incidence of part-time jobs among prime-age adults. However, part-time work patterns are very different for men and women. Most importantly, we see that for women, part-time employment as a percentage of all female employment is actually lowest for 20 to 24 year olds, with the incidence of part-time employment by age for women forming a 'U'

shape. For men, part-time employment is only common in the teenage years, and is relatively rare among those aged 25 to 54.

The incidence of unemployment among young adults is also considerably above that of other adult workers, but lies well below the rate observed for teenagers. This pattern of decreasing unemployment across the age groups almost certainly reflects the accumulation of labour market skills and experience over time.

Finally, Table 3 shows that while the gender composition of the labour force is fairly equal for teenagers (with almost half of those in the labour force being female), this is no longer the case for young adults. This decline in the percentage of women in the labour force with age reflects both the increasing likelihood of familial responsibilities for women and (especially for the older women) societal attitudes.

Unemployment

Unemployment rate

Like their younger counterparts, one of the key issues for young adults in the labour market is their high unemployment rate. As shown in Table 3, the unemployment rate for this group is almost double the rate of those aged 25 to 54, and more than double the rate of mature-aged adults. Table 4 shows the unemployment rate for those aged 20 to 24 years, by individual years of age, in 1993, 1997 and 1998. The aggregate unemployment figures for the age group as a whole masks the fact that for all three time-points considered, the highest rates of unemployment are found for the youngest within the group — the 20 and 21 year olds. This is expected. As noted above, unemployment rates can be expected to decline with age given the gradual accumulation of skills and experience with age.

Table 4: Young adult unemployment rates by age, 1993 to 1998 (%)

Age	1993	1997	1998
20 years	19.7	15.1	14.0
21 years	18.2	17.2	12.7
22 years	17.1	14.3	11.2
23 years	14.1	12.2	11.4
24 years	11.7	10.8	10.7
Total	16.1	13.8	11.9

Note: Data relate to August of each year.

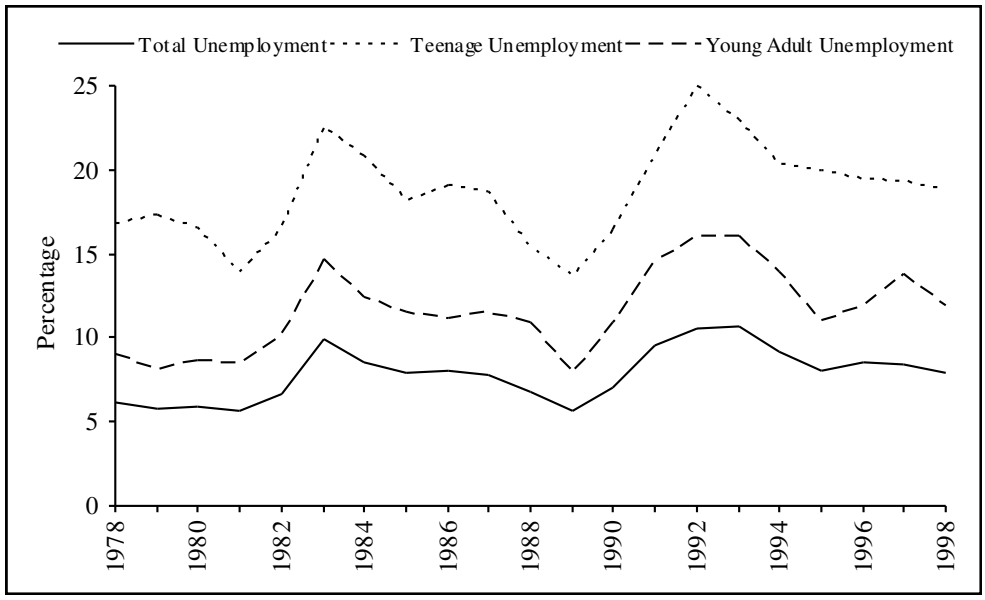
Source: ABS, *Labour Force, Australia,* ABS cat. no. 6203.0 (various issues).

Further analyses indicate that most of the unemployed young adults are looking for full-time work. ABS data for August 1998, for example, reveal that 80.6 percent of the young adult unemployed were looking for full-time work rather than part-time work. This figure contrasts sharply with unemployed teenagers, only 58.2 percent of

whom were looking for full-time work. Again, the most likely explanation for this difference relates to the greater proportion of teenagers still studying, and thus seeking part-time rather than full-time work.

How unemployment for young adults has changed over time, relative to total unemployment and teenage unemployment, is shown in Figure 1. Over the past twenty years, unemployment levels for young adults have fluctuated, ranging from about 7 percent to 17 percent, with the rate for these young people holding around 11 to 14 percent over the last five years. As can be clearly seen from this figure, and as observed earlier, the unemployment rate for young adults lies between the rate for teenagers and other labour force participants.

Figure 1: Teenage, young adult and total unemployment rates, 1978 to 1998



Note: Data relate to August of each year.

Source: ABS, *Labour Force, Australia,* ABS cat. no. 6203.0 (various issues).

Unemployment duration

While young people have high probabilities of unemployment, the average duration of their unemployment experiences tends to be relatively short. This is reflected in the data presented in Table 5 which show that over the ten-year period covered, a consistent pattern exists whereby the shortest duration of unemployment is found for the youngest age group, and the longest duration for the oldest age group. For instance, in August 1998, the average duration of unemployment was 28 weeks for those aged 15 to 19, and 42 weeks for those aged 20 to 24 years.[2] This increases to 75 weeks for those aged 35 to 54 years. In part, the lengthening of unemployment duration with successively older age groups may indicate a tendency for teenagers and young adults to find work more quickly than older workers once they become unemployed. However, this result also at least partly reflects the differing length of

time the different age groups have been in the labour market — the younger the group, the less time they will have spent in the labour force and thus by definition, the shorter the possible duration of unemployment. Thus, the extent to which these results indicate the differing speed with which the various age groups of unemployed find work is not entirely clear.

Table 5: Average duration of unemployment by age, 1988 to 1998 (number of weeks)

	15-19 years	20-24 years	25-34 years	35-54 years
1988	28.5	46.9	52.8	60.5
1993	27.9	49.6	53.7	69.8
1997	25.6	43.4	53.5	71.8
1998	27.5	42.2	64.3	75.1

Note: Data relate to August of each year.

Source: ABS, *Labour Force, Australia,* ABS cat. no. 6203.0 (various issues).

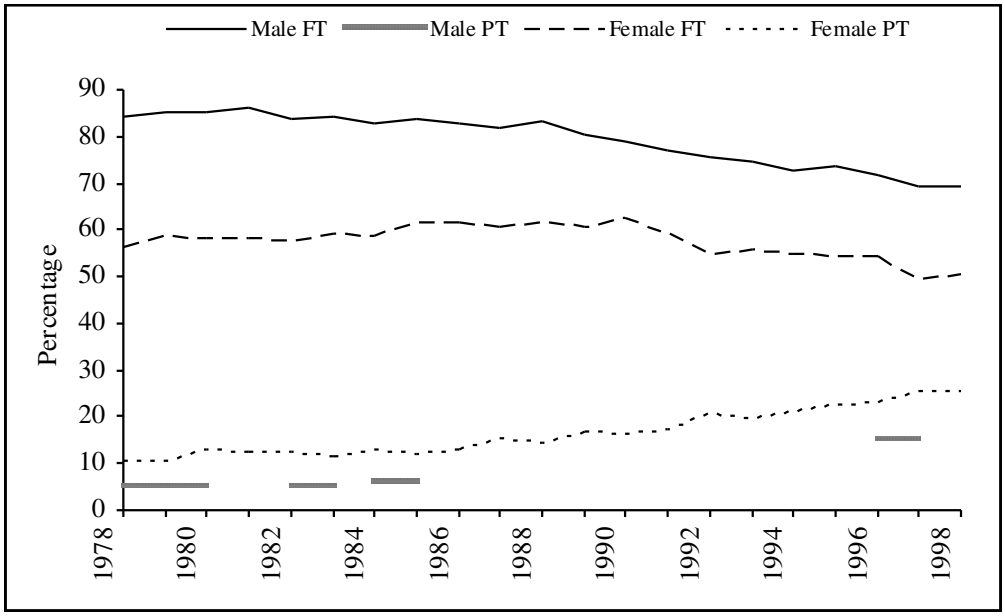
Education, work or both?

Education and work trends for young adults

Participation in both the labour force and in education have changed over time for young adults. Looking first at labour force participation, Figure 2 depicts trends in the rate of full-time and part-time labour force participation by sex among young adults. Focusing initially on young males, Figure 2 shows that their full-time participation rate (which includes both those employed full-time and those unemployed who are looking for full-time work) has fallen over time, from 84.2 percent in 1978 to 69.2 percent twenty years later. On the other hand, part-time participation rates for young men have increased, from 5.4 to 16.9 percent over the same period. The overall level of participation has thus fallen only slightly over the twenty-year period considered.

The picture is different for young adult females, with rates of full-time labour force participation actually increasing during the 1980s (from 56.1

Figure 2: Full-time and part-time participation rates among young adult males and females, 1978 to 1998



Note: Data relate to August of each year.

Source: ABS, *Labour Force, Australia,* ABS cat. no. 6203.0 (various issues).

percent in August 1978 to 62.5 percent in August 1990), before falling quite markedly during the 1990s. Indeed, by August 1998 the full-time labour force participation rate for this group of women stood at 50.6 percent — a rate considerably below the 1978 rate. On the other hand, as was the case for young men, the part-time participation rate for young women has steadily increased — it was 25.3 percent in August 1998 which is more than double the August 1978 rate (of 10.8 percent). There has thus been a clear shift away from full-time participation towards part-time participation for both young men and young women. However, in contrast to young men, the rate of growth in part-time participation among young women has more than offset the decline in full-time participation. Indeed, the overall participation rate for young women has grown by about 10 percentage points since the late 1970s.

Very much implicated in the shift in labour force participation patterns for this group has been an increase in rates of participation in education. As reported in Table 6, the proportion of 20 to 24 year olds studying increased from 17 percent in the early 1980s to 28 percent by May 1997. Moreover, this increase has been almost wholly due to growth in the number of persons undertaking full-time study. Furthermore, other ABS data indicate that the growth in full-time study has been more pronounced among young women than young men.[3] According to this data source, 10.8 percent of young men and 9.4 percent of young women were attending post-secondary studies full-time in August 1987. By August 1998, the comparable figures were 17.4 percent for young men and 21.4 percent

Table 6: Attendance at an educational institution among young adults by study status, 1983 to 1997 (% of population)

Study status	1983	1987	1993	1997

Full-time	7.2	9.0	15.6	18.1
Part-time	9.7	9.7	10.2	10.1
Total	16.9	18.6	25.8	28.2

Note: Data relate to May of each year.

Source: ABS, *Transition from Education to Work, Australia*, ABS cat. no. 6227.0 (various issues).

for young women. Thus the differential rates of growth in attendance in tertiary education has seen young females overtake young males.

A number of other factors in addition to increased participation in education help explain the changed participation patterns for young adults over the past two decades, but perhaps the most important, especially for young women, has been the dramatic decline in fertility for this age group. Indeed, between 1976 and 1996, fertility for women aged 20 to 24 years halved (ABS 1998). Such a decline in fertility helps explain not only the overall increase in labour force participation for young women, but also their increased rate of attendance at educational institutions.

Combining both roles

More detailed data on how young adults combine study with employment is provided in Table 7. Using data from the May supplements to the Labour Force Survey for 1987, 1992 and 1997, this table shows that while the most common combination of labour market activity and educational activity within this age group is full-time employment without any involvement in education, the proportion of young adults who fit this description has been declining rapidly. Fifty-seven percent of young adults held a full-time job and were not gaining further education in 1987; by 1997 the comparable figure was just 44 percent. As noted earlier, in part this decline in full-time employment has been compensated for by a growth in part-time employment. This is also reflected in Table 7, which reveals the total proportion of young adults with part-time jobs rising from 9 percent to 19 percent. Further, in 1997 just over half of these part-time job holders were also studying. By comparison, in 1987 the majority were non-students.

Table 7 also confirms the presence of a sizeable minority of young adults who may be at risk of substantial ongoing disadvantage in the labour market. Following Freeland (1991), this 'at risk' group might be defined as those persons neither in full-time education nor full-time work, though we would argue that persons combining part-time work and part-time study should also be excluded. In 1997, persons fitting this modified description represented 28.6 percent of all young adults. This compares with 25.3 percent in 1987 and 28.1 per cent in 1992. Thus these data suggest that the percentage of young adults at risk increased during the recession of the early 1990s and had still not abated to pre-recession levels by 1997.[4]

Table 7: Attendance at an educational institution by labour force and study status, 1987 and 1997

Labour force/study status	1987		1992		1997	
	'000s	%	'000s	%	'000s	%
Employed full-time						
FT student	6.8	0.5	13.5	1.0	9.0	0.7
PT student	103.5	7.9	106.6	7.5	100.3	7.4
Non-student	744.7	57.1	660.1	46.5	598.4	44.0
Employed part-time						
FT student	36.5	2.8	73.8	5.2	107.6	7.9
PT student	8.4	0.6	23.8	1.7	25.4	1.9
Non-student	74.3	5.7	105.7	7.4	125.5	9.2
Unemployed						
FT student	5.7	0.4	19.8	1.4	14.5	1.1
PT student	8.2	0.6	15.3	1.1	7.3	0.5
Non-student	105.5	8.1	153.6	10.8	136.2	10.0
Not in the labour force						
FT student	68.1	5.2	123.2	8.7	115.5	8.5
PT student	5.9	0.5	9.8	0.7	4.1*	0.3
Non-student	136.1	10.4	115.7	8.1	117.1	8.6
Total	1303.6	100.0	1420.6	100.0	1360.8	100.0

Notes: Data relate to May of each year.

Persons whose study was not intended to result in a recognised educational qualification are treated as non-students.

* Relative standard error is greater than 25 percent.

Source: ABS, *Transition from Education to Work, Australia*, ABS cat. no. 6227.0 (various issues).

Further information about the relationship between employment and study status is provided in Table 8, which reports data disaggregated by sex. The principal feature of this table is again the much greater concentration of young women in part-time employment relative to young men, a characteristic which appears not to be greatly affected by study status.

Table 8: Study status of employed young adults by sex, May 1997

	Employed full-time			Employed part-time		
	Full-time student	Part-time student	Non-student	Full-time student	Part-time student	Non-student
Males						
Number (000's)	6.4	76.1	326.2	49.3	8.8	44.0
% of employed	1.3	14.9	63.9	9.7	1.7	8.6
% of population	0.9	11.1	47.4	7.2	1.3	6.4
Females						
Number (000's)	3.1*	39.8	255.9	60.7	19.3	76.4
% of employed	0.7	8.7	56.2	13.3	4.2	16.8
% of population	0.5	5.9	38.0	9.0	2.9	11.4

Notes: For the purposes of this table, a student is defined as a person attending a tertiary educational institution. Further, unlike Table 7, persons whose study was not intended to result in a recognised educational qualification are treated as students.

* Relative standard error is greater than 25 percent.

Source: Unpublished data from the ABS Labour Force Supplementary Survey, May 1997.

The changing composition of young adult employment

Hours of work

One of the most significant labour market developments in the last two decades has been the collapse in the full-time job market for young people.

Although this is principally a feature of the teenage labour market, there has also been a clear decline in full-time job opportunities for young adults. As shown in Table 9, the percentage of employed young women in part-time work has doubled over the last 20 years, rising from 16 percent to 35 percent. Among young men, while the incidence of part-time work has been consistently less than that of young women, the increase in their rate of part-time work involvement has been more dramatic, rising from 6 percent in 1978 to 20 percent in 1998.

In contrast, the growth in the share of part-time employment for older adults has been less marked. Indeed, for women, the percentage of those aged 25 to 54 years who were employed part-time was fairly stable (at around 41 percent) over the twenty-year period considered, while the rate for women aged 55 years and over only grew by about 6 percentage points. Similarly, while the proportion of prime-age adult males in part-time jobs has doubled since 1978, the rate of growth remains well behind that of young adult males. Moreover, the percentage of prime-age adult men working part-time remains small (at just under 7 percent).

Table 9: Part-time share of employment by age and sex, 1978 to 1998 (%)

	1978	1983	1988	1993	1997	1998
Males						
Teenagers	17.4	22.9	30.2	46.7	52.4	52.4
Young adults	6.2	6.3	7.8	14.1	19.4	20.1
Prime-age adults	2.8	3.5	3.3	5.6	6.8	6.6
Mature-age adults	10.0	10.9	12.9	17.1	19.2	18.1
Total	5.4	6.2	7.0	10.3	12.2	12.1
Females						
Teenagers	23.6	33.1	44.2	68.5	73.7	76.2
Young adults	16.2	16.6	18.6	28.0	35.3	34.5
Prime-age adults	41.2	41.4	42.5	41.6	41.1	40.8
Mature-age adults	46.1	47.1	47.7	51.7	50.2	52.6
Total	34.9	36.4	39.5	42.3	43.5	43.6

Note: Data relate to August of each year.

Source: ABS, *Labour Force, Australia, 1998*, ABS cat. no. 6203.0 (various issues).

Industrial composition

Previous research has observed that teenage employment is heavily concentrated in Retail trade (e.g., Wooden 1998) — as shown in Table 10, over two in five male teenagers and almost three in five female teenagers were employed in the Retail trade sector in August 1998. In contrast, while young adults are also over-represented in this sector, the proportions working in Retail jobs are much lower than for the teenagers (19 percent of young men and 22 percent of young women). Young adults (especially the women) are also over-represented in the Accommodation, cafes and restaurants sector. In contrast, young women are far less likely than their older counterparts to be employed in Education and in Health and community services, while young men are under-represented in Transport and storage. Overall, while young adults are slightly over-represented in some industry sectors, employment appears to be widely distributed across the industrial spectrum.

Additional analyses were completed to determine if there was any change in the distribution of employment across industry sectors over the past five years. These analyses suggest that the industrial composition of employment has been relatively stable over time, with the only change of any significance being an increase in the proportion of young adult women working in the Retail trade sector (rising from 18.8 to 21.7 percent). This growth occurred mainly at the expense of employment in the Manufacturing, and Finance and insurance industries.

Table 10: Industrial distribution of employed persons by age group and sex, August 1998 (%)

Industry	Males				Females			
	Teen-agers	Young adults	Prime-age adults	Mature-age adults	Teen-agers	Young adults	Prime-age adults	Mature-age adults
Agriculture, forestry & fishing	5.6	4.7	5.1	12.7	1.7	2.6	3.2	10.7
Manufacturing	13.1	20.1	17.3	15.9	2.3	5.5	8.4	7.4
Construction	9.9	11.9	11.3	10.5	0.9*	1.1	2.6	2.6
Wholesale trade	5.6	7.2	7.5	7.3	2.2	4.0	4.4	4.3
Retail trade	44.2	18.8	9.8	9.3	58.4	21.7	12.5	12.9
Accommodation, cafes & restaurants	8.2	6.9	3.1	2.7	12.5	10.1	4.8	3.9
Transport & storage	1.7	2.7	6.7	6.3	0.6*	3.1	2.7	1.4
Property & business services	3.7	9.5	11.5	12.4	5.1	12.5	11.5	10.1
Finance & insurance	0.6*	2.6	3.1	2.2	0.8*	6.5	5.5	2.1
Education	1.2*	2.3	4.4	4.6	1.6	6.7	12.6	12.4
Health & community services	1.3*	2.3	4.2	4.6	4.4	12.4	18.1	22.7
Cultural & recreational services	2.6	3.5	1.9	1.3	3.0	3.9	2.4	2.8
Personal & other services	1.3*	2.7	3.9	3.7	5.2	5.7	4.4	2.9
Other[(a)]	1.1*	4.7	10.2	6.4	1.3*	4.2	6.9	3.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes: (a) Comprises: Mining; Electricity, gas and water supply; Communication services; and Government administration and defence.

* Relative standard error is greater than 25 percent.

Source: Unpublished data from the ABS Labour Force Survey, August 1998.

Occupational composition

Turning now to employment patterns by occupation, Table 11 reveals a clear skills progression across successive age cohorts. While more than half of the teenage workforce in 1998 held jobs in the two least skill-intensive occupation categories — Elementary clerical, sales and service workers, and Labourers and related workers — prime-age adults were much more heavily concentrated in the more highly skilled managerial and professional occupation categories. Young adults fall between these two groups, with just over one in four young men and women working in the two least skilled occupation categories, but around one in five working in the highly skilled professional occupations.

Table 11: Occupational distribution of employed persons by age group and sex, August 1998

	Males				Females			
	Teen-agers	Young adults	Prime-age adults	Mature-age adults	Teen-agers	Young adults	Prime-age adults	Mature-age adults
Managers & administrators	**	1.8	10.6	20.3	**	0.6*	3.9	10.8
Professionals	0.9*	9.7	18.4	16.4	1.1*	13.3	23.1	19.7
Associate professionals	3.1	8.4	12.5	12.5	1.4	8.5	9.6	9.8
Tradespersons and related workers	24.9	26.9	21.3	16.4	3.2	3.8	3.0	2.3
Advanced clerical & service workers	**	1.0	0.9	1.2	2.4	7.8	10.3	11.6
Intermediate clerical, sales & service workers	6.0	10.7	8.4	5.6	22.3	36.4	28.1	23.2
Intermediate production & transport workers	13.6	14.4	14.5	12.4	2.8	1.6	2.9	2.6
Elementary clerical, sales & service workers	21.6	11.1	4.3	4.4	57.1	21.0	10.4	10.2
Labourers & related workers	29.7	16.0	9.2	10.8	9.7	7.0	8.6	9.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes: * Relative standard error is greater than 25 percent.

** Relative standard error is greater than 50 percent.

Source: Unpublished data from the ABS Labour Force Survey, August 1998.

The occupational composition of young adult employment, however, is distinct from that of other age groups. Most obviously, young adult males are relatively highly concentrated in trades-based occupations, while young adult women are highly concentrated in Intermediate clerical, sales and service worker jobs.

Perhaps surprisingly and certainly of concern, given the increased emphasis placed on educational attainment and qualifications, data on changes in the occupational distribution between 1993 and 1998 suggest a general trend towards lower-skilled jobs for both young men and young women.[5] As reported in Table 12, among young women there has been a clear shift away from advanced skill jobs (especially Advanced clerical and service worker positions) towards jobs which require only intermediate or elementary skills (and in particular, Elementary and Intermediate clerical, sales and service jobs). Similarly, young men are less likely to hold jobs which require advanced skills, and much of this change is due to fewer young males holding positions as Tradesmen in 1998. Instead, these young male workers were more likely to work in Elementary clerical, sales and service occupations, as Labourers, and as Intermediate production and transport workers. In contrast, for workers in older age groups, their occupational distribution reveals no notable change in skills levels over the same time period.

Table 12: Occupational distribution of employed young adults by sex, 1993 and 1998 (%)

	Males		Females	
	1993	1998	1993	1998
Advanced skills — total	53.4	47.8	39.8	34.0
Managers & administrators	2.2	1.8	0.9	0.6*
Professionals	9.0	9.7	14.9	13.3
Associate professionals	9.2	8.4	8.7	8.5
Tradespersons & related workers	31.9	26.9	4.6	3.8
Advanced clerical & service workers	1.1	1.0	10.8	7.8
Intermediate skills — total	24.5	25.2	35.5	38.0
Intermediate clerical, sales & service	12.1	10.7	33.0	36.4
Intermediate production & transport	12.3	14.4	2.5	1.6
Elementary skills — total	22.2	27.0	24.7	28.0
Elementary clerical, sales & service	7.8	11.1	18.1	21.0
Labourers & related workers	14.3	16.0	6.6	7.0
Total	100.0	100.0	100.0	100.0

Notes: Data relate to August of each year.

* Relative standard error is greater than 25 percent.

Source: Unpublished data from the ABS Labour Force Survey.

One could suggest that this 'deskilling' of jobs for young adults might simply reflect the increased participation of young adults in tertiary education (as discussed earlier in this paper). However, as shown in Table 13, this is not the case. While the table clearly indicates that both male and female young adults who were studying full-time were much more likely to hold lower-skilled jobs than their counterparts, we also see that there has been a trend towards the deskilling of jobs for both full-time students and other young adults.

Firm size

In terms of the size of firms in which employees work, Table 14 shows that in 1998, like the teenagers, young adults were more likely than the other age groups to work in small firms (less than 20 employees), and less likely to work in large firms (100 employees or more). Specifically, over one in three young adults were employed in a firm with less than 20 employees; in contrast, one in four adults aged 25 to 54 years did so.

Table 13: Occupational distribution of employed young adults by sex and full-time student status, 1993 and 1998 (%)

	Full-time students		Other young adults	
	1993	1998	1993	1998
Males				
Advanced skills	27.5	20.9	55.5	50.7
Intermediate skills	34.2	37.0	23.7	23.9
Elementary skills	38.3	42.1	20.8	25.4
Total	100.0	100.0	100.0	100.0
Females				
Advanced skills	25.8	19.4	41.4	36.7
Intermediate skills	33.6	37.2	35.7	38.2
Elementary skills	40.6	43.4	22.9	25.2
Total	100.0	100.0	100.0	100.0

Notes: Data relate to August of each year.

For the purposes of this table, a student is defined as a person attending a tertiary educational institution.

Source: Unpublished data from the ABS Labour Force Survey.

Compared with five years ago, Table 14 also shows that while teenagers have been more successful in 1998 than in 1993 in gaining employment in larger firms, this is not the case for young adults. Indeed, the data suggest the reverse, with a greater percentage of young adults employed in smaller firms in 1998 than in 1993, and a smaller percentage in larger firms. This trend is worrying given small businesses are far less likely than larger companies to invest in staff training (Wooden 1996).

Additional analyses were undertaken to determine if the over-concentration of young adults in small firms was simply a by-product of the industrial composition of employment of these workers. This was found not to be the case, with young adults considerably more likely than older adults to be employed in small firms within industries.

How do indigenous and NESB immigrant young adults fare?

It is widely recognised that some groups, such as indigenous peoples and non-English-speaking-background (NESB) immigrants, tend to be disadvantaged in the Australian labour market (e.g., Daly 1993a, Wooden 1994). Of particular concern then, is how youth in these groups fare compared with other youth.

Table 14: Distribution of wage and salary earners by firm size and age group, 1993 and 1998 (%)

Firm size (no. of employees):	1993				1998			
	Teen-agers	Young adults	Prime-age adults	Mature-age adults	Teen-agers	Young adults	Prime-age adults	Mature-age adults
Males								
< 20 employees	47.0	33.8	21.5	21.4	44.3	37.3	23.4	26.9
20-99 employees	13.0	15.0	12.9	13.6	12.6	15.7	15.8	14.4
100 employees plus	40.0	51.2	65.5	65.1	43.1	46.9	60.8	58.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Females								
< 20 employees	42.6	30.9	25.1	29.9	34.7	33.6	28.0	31.6
20-99 employees	13.5	13.8	14.7	12.1	12.7	16.6	15.6	16.8
100 employees plus	43.8	55.4	60.2	58.0	52.6	49.8	56.4	51.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Persons								
< 20 employees	45.0	32.4	23.2	24.1	39.5	35.5	25.5	28.6
20-99 employees	13.3	14.4	13.7	13.1	12.7	16.2	15.7	15.3
100 employees plus	41.7	53.2	63.1	62.8	47.8	48.3	58.7	56.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes: The data include all employed wage and salary earners except persons still at school and those for whom firm size was unknown.

For the purposes of this table, mature-age adults are defined as those 55 to 64 years of age.

Source: Unpublished data from the ABS 1997 Survey of Training and Education.

Indigenous young adults

Daly (1993b, p. 1) suggested that young indigenous youth may be doubly disadvantaged — 'once in so far as Aboriginality is a disadvantage in the labour market and secondly, for being young'. Table 15, which is based on 1996 Census data, clearly shows that the percentage of indigenous young adults who are in the labour force and the percentage who are employed are much lower than that of other young adults. Furthermore, the unemployment rate among young indigenous adults is twice that of their non-indigenous counterparts, with an unemployment rate of 31 percent for indigenous young men and 25 percent for indigenous young women.

What explains these large differences? A number of the factors related to the disadvantage in the labour market experienced by young indigenous Australians are factors common to all age groups of indigenous peoples. Compared with non-indigenous peoples, indigenous Australians (including young adults) are less likely to have completed secondary school (although this is less so for younger cohorts), hold post-secondary qualifications, live in major urban areas, and view formal employment

as culturally appropriate; they are more likely to suffer from poor health and to have been arrested (e.g., ABS 1996, Daly 1991, 1993a). All of these factors are related to a lower likelihood of labour force participation and/or a higher likelihood of unemployment.

Table 15: Selected labour market characteristics of indigenous and non-indigenous young adults by sex, August 1996

	Males		Females	
	Indigenous	Non-indigenous	Indigenous	Non-indigenous
% of population employed	51.5	72.2	36.9	67.2
Labour force participation (%)	74.2	85.1	49.0	76.3
Part-time employment as % of total employment	34.6	21.2	43.6	34.7
Unemployment rate (%)	30.6	15.2	24.7	12.0

Source: Unpublished data from the 1996 Census.

Table 15 also suggests that the problem of labour market disadvantage is especially pronounced for young indigenous women. For example, only 49 percent of indigenous young women were in the labour market in August 1996, compared with 76 percent of non-indigenous young women and 74 percent of indigenous males. Part of the explanation for this difference is the higher level of child-bearing experienced by indigenous women and the consequential withdrawal from the formal labour market. Another explanation lies in lower rates of female participation in Community Development Employment Projects (CDEP) schemes (ABS 1996).

Finally, Table 15 shows that among the employed, part-time employment was more common among indigenous young adults than other young adults, with 35 percent of indigenous young men and 44 percent of indigenous young women working part-time. This almost certainly reflects the fact that CDEP employment is largely part-time (ABS 1996).

Non-English-speaking-background immigrant young adults

How well do young adults from non-English-speaking-backgrounds fare in the Australian labour market? Existing research has noted lower participation rates and higher unemployment rates for NESB immigrant youth compared with other youth (e.g., Flatau and Hemmings 1991, Wooden 1990). Data for August 1998 support such conclusions. Specifically, Table 16 shows that the employment to population ratio is lowest for NESB immigrant young adults, and highest for Australia-born young adults. Labour force participation rates follow a similar pattern. As we saw for the indigenous young adults, the differences are largest for females — only one in two NESB young women were in the labour force, compared with over three in four young women from the other two birthplace groups.

Table 16: Selected labour market characteristics of Australia-born and immigrant young adults by sex, August 1998

	Males			Females		
	Aust.-born	ESB immig.	NESB immig.	Aust.-born	ESB immig.	NESB immig.
% of population employed	78.4	76.8	54.2	71.7	68.4	40.3
Labour force participation (%)	89.4	86.7	66.5	79.6	78.6	50.4
Part-time employment as % of total employment	18.9	20.1	33.1	33.0	42.5	45.5
Unemployment rate (%)	12.3	11.4	18.5	9.9	13.0	20.0

Note: ESB immigrant: English-speaking-background immigrant; NESB immigrant: non-English-speaking-background immigrant.

Source: Unpublished data from the ABS Labour Force Survey, August 1998.

Among those who are employed, higher rates of part-time employment are also evident for NESB young adults (particularly when compared with Australia-born persons). Indeed, one in three employed NESB young men and 46 percent of employed NESB young women worked part-time hours in August 1998. The fact that NESB young women were more likely to be employed part-time than other young women is particularly interesting, given that overall, NESB women have relatively low levels of part-time employment (VandenHeuvel and Wooden 1996).

Unemployment rates for NESB young people are also much higher than that of both English-speaking-background (ESB) immigrant young adults and Australia-born young adults. The differences are again largest among young women — compared with Australia-born young women, twice as many NESB young women were unemployed.

Various reasons can be suggested for the substantial differences observed in the labour market status of NESB young adults. First, NESB young adults are more likely than other young adults to be studying.[6] The greater likelihood of studying for this age group may, in turn, be due to greater value placed on education by NESB families, a discouraged worker effect where those unable to find employment opt for further study, and non-recognition in Australia of qualifications from the country of origin. Second, NESB young adults (and especially recent arrivals) may possess poor English skills, and confront a new culture, unfamiliar labour market processes and discrimination (e.g., Flatau and Hemmings 1991, Wooden 1994). All of these factors should make finding a job more difficult.

Conclusions

The age period of 20 to 24 years is a time of significant change for most young people. Many of these youth have recently finished their schooling and are either looking for, or working in, a new job. Some are still involved in studying and preparing to enter the labour force full-time for the first time. As well, a proportion are leaving home for the first time, some are marrying and some are starting families.

The data presented in this chapter clearly show that there have been a number of significant changes for these young people in recent decades. Compared with twenty years ago, young people today are more likely to be attending an educational institution and to be participating in the labour force on a part-time rather than full-time basis. They are also more likely to be unemployed. As well, the data suggest that over the past decade, a greater percentage of young people may be at risk of ongoing disadvantage in the labour market.

In addition, of concern are noticeable shifts in the types of jobs held by young adults. First, there has been a movement towards lower-skilled jobs, for both young men and women, over the past five years. This is of particular concern given both the rising proportion of youth gaining post-secondary qualifications and the increased emphasis being placed on skills acquisition as a solution to long-term unemployment. Second, there has been movement towards a greater concentration of young adults in jobs within small firms, where training opportunities are more limited.

Furthermore, two sub-groups within the population of young adults seem to be in a particularly precarious position — NESB immigrants and indigenous young adults. Unemployment rates for these two groups of young adults are much higher than that of other Australians, part-time employment is more common and labour force participation rates are relatively low.

The picture presented in this chapter also highlights the fact that the experiences of young men and young women are quite disparate. Compared with young women, young men are more likely to be participating in the labour force, are more likely to be employed full-time, and are somewhat more likely to be unemployed. Larger differences are evident when industry and occupation of employment are compared. For example, young men are much more likely to work in the Manufacturing and Construction sectors, and less likely to work in the Health and community services sector. In terms of occupation, male young adults are more likely than their female counterparts to hold a job as a Tradesperson or as an Intermediate production and transport worker, while young women are much more likely to work in clerical, sales and service jobs, at either the intermediate or elementary level.

A number of policy conclusions stem from this research. First, when discussing the disadvantaged position of youth in the Australian labour market, much of the existing discussion is focused on teenagers. This chapter makes it clear that policymakers must also be attentive to the needs of young adults, as a sizeable proportion of this group are at risk of ongoing disadvantage.

Second, the high unemployment rates and low participation rates of indigenous young adults calls forth the need for new ways to address the needs of these young people. Likewise, consideration should be given to how NESB young adults can be supported. For this latter group, it was found that student status provides at least part of the explanation for lower rates of participation and higher rates of part-time employment. The question that cannot be answered in this research is how many of these NESB

immigrants have chosen to further their education simply because there were unsuccessful in finding paid work.

Third, attention needs to be paid to the reasons behind the deskilling of jobs for young adults over the past five years, especially given that this is not a trend observed for older adults. The fact that such a trend is observed concurrently with an increase in rates of participation in education could mean that the supply of highly educated youth is outstripping demand. Further, if deskilling of jobs for this age group continues, skills acquisition as a solution to long-term unemployment will simply serve to delay the entry of these young people into the full-time labour market but will not provide them with employment commensurate with their skills.

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Endnotes

[1] In June 1998, 88.5 per cent of male young adults without dependents were measured as being either employed or looking for work. Among female young adults without dependent children the comparable percentage was virtually the same, at 87.7 per cent. In contrast, among those with dependent children, the difference across the sexes was very large (91.3 per cent of young men compared with just 36.4 per cent of young women). These figures were derived from ABS, *Labour Force Status and Other Characteristics of Families, Australia, June 1998* (ABS cat. no. 6224.0).

[2] There is virtually no difference by sex for those aged 20 to 24 years — the average duration for young women is 42.5 weeks, and for young men, 42.0 weeks.

[3] Due to differences in the method of estimation, estimates from the May supplementary survey and the regular monthly labour force survey will differ slightly.

[4] In this volume, McClelland and Macdonald use a slightly different definition of young adults at risk of ongoing disadvantage from the one used here. They exclude from their definition part-time students who are either unemployed or not in the labour force. Using their definition with our ABS data gives us figures of 24.2 per cent for 1987, 26.3 per cent for 1992 and 27.8 per cent for 1997. The differences in estimates reflect the use of different ABS supplementary surveys as well as different months of the year.

[5] In order to make this comparison, it was necessary for the 1993 occupational data, which was coded using the first edition of the Australian Standard Classification of Occupations (ASCO), to be recoded into the format used in the second edition of ASCO. This recoding was completed by the ABS. It is difficult to determine whether the method used to recode the data plays any part in shifts in occupational skills observed over time.

[6] For instance, 1991 Census data show that 47.6 per cent of NESB immigrant young men were undertaking either part-time or full-time studies, compared with 22.6 per cent of Australia-born young men and 18.9 per cent of ESB immigrant young men. The respective figures for young women are 45.0 per cent, 21.3 per cent and 18.3 per cent.